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House of Representatives

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mr. KIRK).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
May 21, 2002.

I hereby appoint the Honorable MARK STEVEN KIRK to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 25 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to not to exceed 5 minutes, but in no event shall debate extend beyond 9:50 a.m.

The Chair recognizes the gentleman from Oregon (Mr. DEFazio) for 5 minutes.

CORPORATIONS MAKING FAKE MOVES OFFSHORE TO AVOID TAXES AKIN TO TREASON

Mr. DEFazio. Mr. Speaker, today the United States House of Representatives will take up legislation to accelerate and phase in relief from the marriage penalty. This is meritorious legislation, which I intend to support. The House was supposed to take up this legislation last Thursday. Strangely enough, it was postponed until today.

The reason it was postponed until today was so it could be brought up under an extraordinary procedure which does not allow amendments because the Republican leadership feared the Democratic amendment to that bill.

Mr. Speaker, we wanted to close a huge new corporate loophole which has been discovered by people who make Arthur Andersen and Enron look kind of honest. Major U.S. corporations have found, and they have known for years, that they can go to Bermuda and avoid taxes on their overseas earnings. Now they have found if they do a new Bermuda triangle, they can avoid all taxes in the United States of America while living here, being protected by our military and firefighters and police, but not pay one penny in Federal income taxes. This is a great country.

This, of course, has the support of the administration, quietly. They are quick to accuse people of being unpatriotic, and God forbid they accuse corporations of being unpatriotic for failing to contribute their fair share and going under a flag of convenience and making a phony move offshore to avoid paying taxes in this time of crisis. This is extraordinary to me.

Mr. Krugman explained it very well in the New York City Times. "By incorporating itself in Bermuda, a U.S.-based corporation can, without moving its headquarters or anything else, shelter its overseas profits from taxation. Better yet, the company can then establish 'legal residence' in a low-tax jurisdiction like Barbados, and arrange things so that its U.S. operations are mysteriously unprofitable, while the mail drop in Barbados earns money hand over fist." And, it is exempt from any tax anywhere in the world. That is just great.

That is what Secretary O'Neill calls competition. I call it tax evasion, skulduggery, and unpatriotic; and the Republican leadership should be ashamed

that they are not willing to vote about keeping this loophole open. If that is what they feel, allow us to offer our amendment and vote in favor of this tax loophole. Admit that they have thrown in with Secretary O'Neill who says corporations should not pay any taxes in the United States of America.

Yes, that is true. The Secretary of the Treasury, appointed by George Bush, says that corporations should pay no taxes in this country, that working people should pay all of the taxes, a shift that has been going on over 30 years, where 30 years ago corporations paid one-quarter of the taxes in this country. Today it is down to a little less than 10 percent. He says that is too much. The American people should carry that burden, not corporations.

People say they have stockholders and they will do well. Under this new scam with Stanley Works, the company that is most known for this recently, actually the stockholders are going to have to pay taxes when the company makes its fake move to Barbados, but the CEO is going to get 58 percent of the tax savings. So over 8 years, the CEO could potentially profit by \$385 million with his stock options, one individual, while the stockholders pay more in taxes, while the U.S. Government was deprived of \$240 million in taxes. If they had just cut his stock options and salaries down to \$140 million, they could have paid their taxes to the United States of America. Of course, he would have had to scrimp by on \$140 million over the next 8 years. Pretty tough to make ends meet in Connecticut on \$140 million over 8 years. I know the cost of living is way up.

This is just an absolute new low both for this body, this administration, and such an unbelievable fraud on the American people. This practice must be brought to a screeching halt. In a time of deficit and crisis, for a profitable U.S. corporation to make fake

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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